



# United States Senate

**Statement of Senator Thomas R. Carper**

**Senate Subcommittee on Federal Financial Management, Government Information,  
Federal Services, and International Security**

**“Small Business Administration: Is the 7(a) Program Achieving Measurable  
Outcomes?”**

**November 1, 2007**

The subcommittee will come to order.

My thanks to our witnesses for being here today and for their contribution to this hearing.

My thanks as well to Dr. Coburn for recommending this issue to our attention.

Dr. Coburn – I’m sure you’ve heard that famous quote “If you’re not keeping score, it’s just practice.”

I’ve used that quote at our hearings in the past and I think it’s fitting to repeat again today.

It’s clear to me that the Small Business Administration – and in particular the 7(a) loan guarantee program that we’ll spend most of our time discussing today – has been a success story.

According to some of the testimony we’ll hear today, nearly 100,000 loans worth more than \$14 billion were guaranteed through the 7(a) program in fiscal year 2007. That’s no small amount of money.

And, if I wanted to, I could spend a great deal of time here in my statement reading through some of the 7(a) success stories we’ve seen in Delaware and around the country over the years.

But unfortunately, as we will hear today, we don't always know how all of the business receiving 7(a) loans fare. If you look at the default rate for the program, it's clear that most succeed. There are certainly some that do not, however.

In order for the Small Business Administration and the lending community to better do their jobs, we probably need more information on the many successes and the occasional failures among 7(a) loan recipients.

This information will tell us a lot more than we know now about the effectiveness of the 7(a) program. It will also help us learn from our mistakes.

It is my hope that, with better performance data on the 7(a) program – something I believe all of our witnesses agree is needed – we can better target loans to those business that need help and ensure that what we're doing is in their interest and in the taxpayers' interest.

I'll close by noting that I think government has a role to play in this area. When I was Governor of Delaware, my administration worked with banks and with business leaders to help start and grow small business in our state. We helped them with advice and sometimes with a little bit of money. I think our efforts created a fair amount of jobs and contributed to the welfare of a number of individuals and to our state as a whole.

So I know that value of programs like 7(a). I look forward to hearing our testimony and learning some more about how we can better prove that value and build on the success we've seen to date.